

SENATE BILL NO. 360

INTRODUCED BY D. HARRINGTON

A BILL FOR AN ACT ENTITLED: "AN ACT PROVIDING FOR AND REGULATING A FORM OF PARIMUTUEL WAGERING IN WHICH A PERSON DEPOSITS MONEY IN AN ACCOUNT WITH AN ADVANCE DEPOSIT WAGERING HUB OPERATOR LICENSED BY THE BOARD OF HORSERACING TO CONDUCT ADVANCE DEPOSIT WAGERING; AND AMENDING SECTIONS 23-4-101, 23-4-202, 23-4-301, AND 23-4-302, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 23-4-101, MCA, is amended to read:

"23-4-101. Definitions. Unless the context requires otherwise, in this chapter, the following definitions apply:

(1) "Advance deposit wagering" means a form of parimutuel wagering in which a person deposits money in an account with an advance deposit wagering hub operator licensed by the board to conduct advance deposit wagering and the money is used to pay for parimutuel wagers made in person, by telephone, or through a communication by other electronic means on horse or greyhound races held in or outside of this state.

(2) "Advance deposit wagering hub operator" means a simulcasting and interactive wagering hub business licensed by the board that, through a subscriber-based service located in this or another state, conducts parimutuel wagering on the races that it simulcasts and on other races that it carries in its wagering menu and uses a computer that registers bets and divides the total amount bet among those who won.

~~(1)~~(3) "Board" means the board of horseracing provided for in 2-15-3106.

~~(2)~~(4) "Board of stewards" means a board composed of three stewards who supervise race meets.

~~(3)~~(5) "Department" means the department of livestock provided for in Title 2, chapter 15, part 31.

~~(4)~~(6) "Immediate family" means the spouse, parents, children, grandchildren, brothers, or sisters of an official or licensee regulated by this chapter who have a permanent or continuous residence in the household of the official or licensee and all other persons who have a permanent or continuous residence in the household of the official or licensee.

~~(5)~~(7) "Minor" means a person under 18 years of age.

~~(6)~~(8) "Persons" means individuals, firms, corporations, fair boards, and associations.

~~(7)~~(9) (a) "Race meet" means racing of registered horses or mules at which the parimutuel system of wagering is used. The term includes horseraces, mule races, and greyhound races that are simulcast.

(b) The term does not include live greyhound racing.

~~(8)~~(10) "Racing" means live racing of registered horses or mules and simulcast racing of horses, mules, and greyhounds.

~~(9)~~(11) "Simulcast" means a live broadcast of an actual horserace, mule race, or greyhound race at the time it is run. The term includes races of local or national prominence.

~~(10)~~(12) "Simulcast facility" means a facility at which horseraces, mule races, or greyhound races are simulcast and wagering on the outcome is permitted under the parimutuel system.

(13) "Source market fee" means that portion of a wager made with a licensed advance deposit wagering hub operator by a Montana resident that is paid to the board.

~~(11)~~(14) "Steward" means an official hired by the department and by persons sponsoring a race meet to regulate and control the day-to-day conduct and operation of a sanctioned meet."

Section 2. Section 23-4-202, MCA, is amended to read:

"23-4-202. Penalty for violations of law -- authority of board -- judicial review. (1) A person holding a race meet or an owner, trainer, or jockey participating in a race meet, without first being licensed under this chapter, or a person violating this chapter is guilty of a misdemeanor.

(2) The board or, upon the board's authorization, the board of stewards of a race meet at which they officiate may exclude from racecourses in this state a person whom the board considers detrimental to the best interest of racing as defined by rules of the board.

(3) As its own formal act or through an act of a board of stewards of a race meet, the board may suspend or revoke any license issued by the department to a licensee and assess a fine, not to exceed \$1,000, against a licensee who violates any of the provisions of this chapter or any rule or order of the board. In addition to the suspension or revocation and fine, the board may forbid application for relicensure for a 2-year period. Fines collected under this subsection must be deposited in the general fund.

(4) The board shall promulgate rules implementing this chapter, including the right to a hearing for individuals against whom action is taken or proposed under this chapter. The rules may include provisions for the following:

(a) summary imposition of penalty by the stewards of a race meet, including a fine and license

suspension, subject to review under the contested case provisions of the Montana Administrative Procedure Act;

(b) stay of a summary imposition of penalty by either the board or board of stewards;

(c) retention of purses pending final disposition of complaints, protests, or appeals of stewards' rulings;

(d) setting aside of up to 3% of exotic wagering on races, including simulcast races, to be deposited in the board's agency fund account. The board shall then distribute all funds collected under this subsection to live race purses or for other purposes that the board considers appropriate for the good of the existing horseracing industry.

(e) using 2% of exotic wagering on live racing to be immediately and equally distributed to all purses except stakes races;

(f) assessment of penalty and interest on the late payment of fines, which must be paid before licenses are reinstated;

(g) definition of exotic forms of wagering on races to be allowed;

(h) standards for simulcast facilities; ~~and~~

(i) conduct and supervision of simulcast races and parimutuel betting or wagering on simulcast races; and

(j) conduct and supervision of advance deposit wagering.

(5) The district court of the first judicial district of the state has exclusive jurisdiction for judicial review of cases arising under this chapter."

Section 3. Section 23-4-301, MCA, is amended to read:

"23-4-301. Parimutuel betting -- other betting illegal. (1) It is unlawful to make, report, record, or register a bet or wager on the result of a contest of speed, skill, or endurance of an animal, whether the contest is held within or outside of this state, except under 23-5-502 or this chapter.

(2) A licensee conducting a race meet under this chapter may provide a place in the race meet grounds or enclosure where the licensee may conduct or supervise the use of the parimutuel system by patrons on the result of the races conducted under this chapter and the rules of the board.

(3) A person licensed under this chapter to hold a race meet may simulcast live races at a place in the race meet grounds or simulcast facility where the licensee may conduct or supervise the use of the parimutuel system by patrons on the results of simulcast races approved by the board.

(4) It is unlawful to conduct pool selling or bookmaking or to circulate handbooks or to bet or wager on

1 a race of a licensed race meet, other than by the parimutuel system and in the race meet grounds or enclosure
2 where the race is held, or to permit a minor to use the parimutuel system.

3 (5) Each licensee conducting a parimutuel system for an intrastate simulcast race meet shall combine
4 the parimutuel pools at a simulcast facility with those at the actual racing facility for the purpose of determining
5 the odds and computing payoffs. The amount of the handle at the simulcast race meet must be combined with
6 the amount of parimutuel handle at the live racing facility for the purposes of distribution of money derived from
7 parimutuel betting under 23-4-302 and 23-4-304.

8 (6) Negotiated purse money from intrastate and interstate simulcast parimutuel handles at racing
9 associations that do not conduct live racing will be pooled and distributed to all tracks conducting live racing, all
10 moneys to be distributed on a percent, based on each track's percent, of total annual on-track parimutuel handle.

11 (7) The board may license an advance deposit wagering hub operator to conduct advance deposit
12 wagering. Advance deposit wagering is prohibited and illegal unless it is conducted through an advance deposit
13 wagering hub operator licensed by the board. A licensed operator:

14 (a) may accept advance deposit wagering money for races conducted by a licensed race meet;

15 (b) may not accept a wager in an amount in excess of the money on deposit in the account of a person
16 who wishes to make the wager;

17 (c) may not allow a person under 18 years of age to open an account with the operator, make a wager
18 from an account, or otherwise have access to an account;

19 (d) must include a statement in any of its advertising for advance deposit wagering that a person under
20 18 years of age is not allowed to participate; and

21 (e) must verify the identification, residence, and age of each person seeking to open an advance deposit
22 wagering account."

23
24 **Section 4.** Section 23-4-302, MCA, is amended to read:

25 **"23-4-302. Distribution of deposits -- breakage.** (1) Each licensee conducting the parimutuel system
26 shall distribute all funds deposited in any pool to the winner of the parimutuel pool, less an amount that in the
27 case of exotic wagering on races may not exceed 26% and in all other races may not exceed 20% of the total
28 deposits plus the odd cents of all redistribution to be based on each dollar deposited exceeding a sum equal to
29 the next lowest multiple of 10, known as "breakage".

30 (2) Each licensee conducting the parimutuel system for a simulcast race meet shall distribute all funds

1 deposited with the licensee in any pool for the simulcast race meet, less an amount that in the case of exotic
2 wagering on these races may not exceed 26%, unless the signal originator percentage is higher, in which case
3 the Montana simulcast licensee may adopt the same percentage withheld as the place where the signal
4 originated, and that in all other of these races may not exceed 20% of the total deposits plus the odd cents of
5 all redistribution to be based on each dollar deposited exceeding a sum equal to the next lowest multiple of 10,
6 known as "breakage".

7 (3) Each licensee conducting a parimutuel system for a simulcast race meet shall deduct 1% of the total
8 amount wagered on the race meet and deposit it in the board's agency fund account. The board shall then
9 distribute all funds collected under this subsection to live race purses or for other purposes that the board
10 considers appropriate for the good of the existing horseracing industry.

11 (4) (a) Each licensed advance deposit wagering hub operator must pay to the board, each week, a
12 source market fee in an amount equal to 10% of the total amount wagered by Montana residents from their
13 accounts with the operator in the prior week. The money must be deposited by the board in the board's special
14 revenue fund account.

15 (b) The board shall pay 80% of the source market fees generated between May 1 and the following April
16 30 to live race meet licensees based on each live race meet licensee's percentage of the total annual live
17 parimutuel handle during the previous live race season. Prior to the beginning of each year's live race season,
18 the correct percentage must be distributed by the board to each live race meet licensee to be used for race
19 purses or other purposes that the board considers appropriate for the good of the horseracing industry.

20 (c) Ten percent of the source market fees paid to the board in a calendar year may be retained by the
21 board for the payment of administrative expenses. One-half of the remaining 10% of the source market fees paid
22 to the board in a calendar year must, by January 31 of the following calendar year, be paid to the owner bonus
23 program and the other half to the breeder bonus program."

24
25 COORDINATION SECTION. Section 5. Coordination instruction. If Senate Bill No. 103 and [this act]
26 are both passed and approved, then the words "or advance deposit wagering with a licensed advance deposit
27 wagering hub operator" are inserted after the words "The term does not include the operation of a simulcast
28 facility" in 23-5-112(18)(b) as amended by Senate Bill No. 103.

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